

**BUENA VISTA COUNTY  
SOLID WASTE COMMISSION**

**INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENT AND  
SCHEDULE OF FINDINGS**

**JUNE 30, 2015**

## Table of Contents

	<u>Page</u>
Officials	1
Independent Auditor's Report	2-3
	<u>Exhibit</u>
Statement of Cash Receipts, Disbursements and Changes in Cash Balance	A 4
Notes to Financial Statement	5-14
Other Information:	
Schedule of the Commission's Proportionate Share of the Net Pension Liability	15
Schedule of Commission Contributions	16
Notes to Other Information – Pension Liability	17-18
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20
Schedule of Findings	21-22

## Buena Vista County Solid Waste Commission

### Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Erik Mosbo	Chairperson	City of Rembrandt
Barry Meyer	Vice Chair	City of Truesdale
Megan Peterson	Secretary	City of Alta
Mike Wilson	Treasurer	City of Storm Lake
Abe Falkena	Member	City of Albert City
Aaron Johnson	Member	City of Lakeside
Stan Henrich	Member	City of Newell
Starr Abbas	Member	City of Marathon
Jim Wise	Member	City of Sioux Rapids
Don Altena	Member	Buena Vista County
City Clerk	Member	City of Linn Grove
Lori Dicks	Operations Manager	



**T.P. ANDERSON & COMPANY, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

---

**Independent Auditor's Report**

To the Members of the  
Buena Vista County Solid Waste Commission:

**Report on the Financial Statements**

We have audited the accompanying financial statement of the Buena Vista County Solid Waste Commission as of and for the year ended June 30, 2015, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Buena Vista County Solid Waste Commission as of June 30, 2015, and the

changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

### **Basis of Accounting**

As described in Note 1, the financial statement was prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

### **Emphasis of Matter**

As disclosed in Note 3 to the financial statements, Sample Cash Landfill Commission adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### **Other Information**

The other information, the Schedule of the Commission's Proportionate Share of the Net Pension Liability and the Schedule of Commission Contributions information on pages 15 through 18, has not been subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2016 on our consideration of the Buena Vista County Solid Waste Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Buena Vista County Solid Waste Commission's internal control over financial reporting and compliance.

*T. P. Anderson & Company P.C.*

January 6, 2016

**Buena Vista County Solid Waste Commission**  
**Statement of Cash Receipts, Disbursements and**  
**Changes in Cash Balance**  
**As of June 30, 2015**

**Operating receipts:**

City and County assessments	\$ 709,100
User fees and gate receipts	775,680
Sale of recycled products	93,685
Rent	1,475
Solid waste fees retained	29,053
Miscellaneous	2,706
Total operating receipts	<u>1,611,699</u>

**Operating disbursements:**

Salaries and benefits	427,680
Solid waste exchange	312,382
Monthly meeting reimbursement	4,255
Equipment maintenance and repairs	47,697
Fuel, oil and lubricants	30,143
Operating supplies and repairs	5,666
Office expenses	13,305
Utilities	8,807
Travel and continuing education	2,147
Insurance	38,988
Engineering	31,674
Professional fees	29,572
Garbage hauling	256,429
Postclosure costs	14,065
Recycling	14,169
Solid waste fees and sales tax	67,488
Regional collection center	11,563
Tire disposal	1,996
Miscellaneous	2,382
Total operating disbursements	<u>1,320,408</u>

**Excess of operating receipts  
over operating disbursements**

291,291

**Non-operating receipts (disbursements)**

Interest on investments	4,000
Sale of equipment	-
Purchase of equipment/facilities	(94,957)
Net non-operating receipts	<u>(90,957)</u>

**See Notes to Financial Statement**

**EXHIBIT A**

**Buena Vista County Solid Waste Commission  
Statement of Cash Receipts, Disbursements and  
Changes in Cash Balance  
As of June 30, 2015**

<b>Change in cash balance</b>	200,334
<b>Cash balance, beginning of year</b>	<u>1,316,397</u>
<b>Cash balance, end of year</b>	<u><u>\$ 1,516,731</u></u>
 <b>Cash Basis Net Position</b>	
Restricted For:	
Closure	\$ 27,968
Postclosure	<u>457,811</u>
Total restricted cash basis net position	485,779
 Unrestricted	 <u>1,030,952</u>
 Total cash basis net position	 <u><u>\$ 1,516,731</u></u>

# BUENA VISTA COUNTY SOLID WASTE COMMISSION

## NOTES TO FINANCIAL STATEMENT

June 30, 2015

### (1) **Summary of Significant Accounting Policies**

The Buena Vista County Solid Waste Commission (the Commission) was formed in 1972 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Commission is to develop, operate and maintain solid waste and recycling facilities in Buena Vista County on behalf of the units of government which are members of the Commission.

The governing body of the Commission is composed of one representative from each of the ten member cities and one representative from Buena Vista County. The member cities are Albert City, Alta, Lakeside, Marathon, Newell, Rembrandt, Sioux Rapids, Storm Lake, Truesdale, and Linn Grove. The commissioners are appointed by the participating political subdivisions and each member has one vote.

#### A. Reporting Entity

For financial reporting purposes, the Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

#### B. Jointly Governed Organization

The Commission also participates in a jointly governed organization, CB Household Hazardous Waste Agency, whose purpose is to coordinate the collection and disposal of household hazardous waste.

Cherokee and Buena Vista landfills are members of CB Household Hazardous Waste Agency.

CB Household Hazardous Waste Agency does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating Commissions.

#### C. Basis of Presentation

The accounts of the Commission are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

# BUENA VISTA COUNTY SOLID WASTE COMMISSION

## NOTES TO FINANCIAL STATEMENT

June 30, 2015

### D. Basis of Accounting

The Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Commission is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items, including the estimated payables for closure and postclosure care. Accordingly, the financial statement does not present the financial position and results of operations of the Commission in accordance with accounting principles generally accepted in the United States of America.

### E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of contingent liabilities. Actual results could differ from estimates that were used.

### F. Cash Basis Fund Balance

Funds set aside for payment of closure and postclosure care are classified as restricted. The Commission's policy is to first apply restricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted cash basis net position are available.

## **(2) Cash and Certificates of Deposit**

The Commission's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

As of June 30, 2015, the Commission had no investments.

Interest rate risk. The Commission's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the Commission.

# BUENA VISTA COUNTY SOLID WASTE COMMISSION

## NOTES TO FINANCIAL STATEMENT

June 30, 2015

### (3) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the Commission, except for those covered by another retirement system. Employees of the Commission are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

# BUENA VISTA COUNTY SOLID WASTE COMMISSION

## NOTES TO FINANCIAL STATEMENT

June 30, 2015

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Commission contributed 8.93 percent for a total rate of 14.88 percent.

The Commission's contributions to IPERS for the year ended June 30, 2015 were \$28,125.

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the Commission's liability for its proportionate share of the collective net pension liability totaled \$172,557. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the collective net pension liability was based on the Commission's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the Commission's proportion was 0.004264 percent, which was a decrease of 0.000136 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the Commission collective pension expense, collective deferred outflows and collective deferred inflows totaled \$12,915, \$9,490 and \$65,808, respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of

# BUENA VISTA COUNTY SOLID WASTE COMMISSION

## NOTES TO FINANCIAL STATEMENT

June 30, 2015

pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Commission will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Commission's proportionate share of net pension liability	\$362,042	\$172,557	\$43,000

# BUENA VISTA COUNTY SOLID WASTE COMMISSION

## NOTES TO FINANCIAL STATEMENT

June 30, 2015

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

### (4) Other Postemployment Benefits (OPEB)

Plan Description – The Commission operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There were 8 active members and no retired members in the plan at June 30, 2015. Participants must be age 55 or older at retirement.

The medical benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical benefits as active employees.

Funding Policy – The contribution requirements of plan members are established and may be amended by the Commission. The Commission currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the Commission and plan members are approximately \$537 for single coverage and \$1,343 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2015, the Commission contributed approximately \$49,138 and plan members eligible for benefits contributed approximately \$6,600 to the plan.

### (5) Closure and Postclosure Care

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/postclosure plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year care requirements for all municipal solid waste landfills that received waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that year. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually due to the potential for changes due to inflation or deflation, technology, or applicable laws or regulations.

In 2007 the Commission ceased operating as a landfill and began operating as a transfer station where municipal solid waste is unloaded from collection vehicles and briefly held while it is reloaded onto larger, long-distant transport vehicles for shipment to the Carroll County Solid Waste Landfill. The

# BUENA VISTA COUNTY SOLID WASTE COMMISSION

## NOTES TO FINANCIAL STATEMENT

June 30, 2015

Commission has adequately complied with the closure requirements and received approval from the Iowa Department of Natural Resources.

The postclosure costs for the Commission have been estimated to be \$676,760 for postclosure care as of June 30, 2015. This liability has been guaranteed by Buena Vista County per Chapter 567-113.14(6f) of the Iowa Administrative Code.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. In addition to the Buena Vista County guarantee, the Commission has begun to accumulate resources to fund postclosure costs, and at June 30, 2015, assets of \$485,775 for postclosure care are restricted for this purpose. They are reported as restricted cash basis net assets in the Statement of Cash Receipts, Disbursements and Changes in Cash Balance.

Also, pursuant to Chapter 567-113.14 of the Iowa Administrative Code (IAC), since the estimated postclosure care costs are not fully funded, the Commission is required to demonstrate financial assurance for the unfunded costs. The Commission has adopted the dedicated fund financial assurance mechanism. Under this mechanism, the Commission must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the Commission is not required to establish closure and postclosure accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

### **(6) Transfer Station Closure Care**

To comply with state regulations, the Commission is required to complete a closure plan detailing how the transfer station will comply with proper disposal of all solid waste and litter at the site, cleaning the transfer station building, including the rinsing of all surfaces which have come in contact with solid waste or washwater, cleaning of all solid waste transport vehicles which will remain on site, including the rinsing of all surfaces which have come in contact with solid waste, and the removal and proper management of all washwater management system.

To comply with state regulations, the Commission is required to maintain a closure account as financial assurance for the closure care costs. The effect of the state requirement is to commit landfill owners to

# BUENA VISTA COUNTY SOLID WASTE COMMISSION

## NOTES TO FINANCIAL STATEMENT

June 30, 2015

perform certain closing functions as a condition for the right to operate the transfer station in the current period.

The total transfer station closure costs for the Commission as of June 30, 2015 have been estimated at \$27,968. The amount is fully funded and is reported as restricted cash basis net assets in the Statement of Cash Receipts, Disbursements, and Changes in Cash Balance.

### **(7) Solid Waste Disposal Agreement**

The Commission has entered into a solid waste disposal agreement with the Carroll County Solid Waste Management Commission. The Commission has reserved capacity at the Carroll County landfill for the disposal of waste generated within Buena Vista County. Effective for the current fiscal year the Commission pays \$23 per ton for the solid waste delivered from the Buena Vista County transfer station. This agreement was renewed during the year ended June 30, 2015 and extends through June 30, 2027.

### **(8) Shingle Recyclable Processing Agreement**

The Commission entered into a shingle recycling agreement with Save & Pave, Inc. The Commission has built a shingle transfer station capable of receiving shingles from private haulers and sorting them to be transported to an off-site processing facility with Save & Pave, Inc. The contract price has been agreed to \$28 per ton. This agreement was renewed during the year ended June 30, 2015 and extends through December 31, 2015.

### **(9) Risk Management**

The Commission is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

# BUENA VISTA COUNTY SOLID WASTE COMMISSION

## NOTES TO FINANCIAL STATEMENT

June 30, 2015

The Commission's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Commission's annual contributions to the Pool for the year ended June 30, 2015 were \$27,924.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The Commission does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been recorded in the Commission's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool of reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The Commission also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and the employee blanket bond in the amount of \$1,000,000 and \$20,000 respectively. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### **(10) Compensated Absences**

Commission employees accumulate a limited amount of earned but unused vacation leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Commission until used or paid. The Commission's approximate liability for earned vacation payments at June 30, 2015 was \$15,937. This liability has been computed based on rates of pay in effect at June 30, 2015.

### **(11) Economic Dependency**

For the year ended June 30, 2015, two customers accounted for approximately 54% of the gate receipts for the Commission.

BUENA VISTA COUNTY SOLID WASTE COMMISSION

NOTES TO FINANCIAL STATEMENT

June 30, 2015

**(12) Tonnage Fees**

The Commission has retained tonnage fees and has established a policy to use those fees in accordance with Chapter 455B.310 of the Code of Iowa. As of June 30, 2015, the Commission had no unspent tonnage fees.

**(13) Subsequent Events**

Subsequent to June 30, the Commission approved plans to move forward with the construction of a new transfer station. The Commission accepted a bid of \$758,479 to construct the facility.

Management has evaluated events and transactions for potential recognition or disclosure through January 6, 2016, the date these financial statements were issued.

## Other Information

BUENA VISTA COUNTY SOLID WASTE COMMISSION

Schedule of the Commission's Proportionate Share of the Net Pension Liability

Other Information

Iowa Public Employees' Retirement System  
Last Fiscal Year\*

		<u>2015</u>
Commission's proportion of the net pension pension liability		.004264%
Commission's proportionate share of the net pension liability		\$172,557
Commission's covered-employee payroll		\$314,946
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll		54.79%
Plan fiduciary net position as a percentage of the total pension liability		87.61%

\*The amounts presented for each fiscal year were determined as of June 30.

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Commission will present information for those years for which information is available.

See accompanying independent auditor's report.

# BUENA VISTA COUNTY SOLID WASTE COMMISSION

## Schedule of the Commission's Proportionate Share of the Net Pension Liability

### Other Information

#### Iowa Public Employees' Retirement System Last 10 Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Statutorily Required Contribution	\$28,125	\$25,424	\$24,673	\$22,761	\$23,519	\$41,100	*	*	*	*
Contributions in relation to Statutorily required contributions	\$28,125	\$25,424	\$24,673	\$22,761	\$23,519	\$41,100				
Contribution deficiency (excess)	-0-	-0-	-0-	-0-	-0-	-0-				
Commission's covered employee payroll	\$314,946	\$284,712	\$292,188	\$275,993	\$338,399	\$589,170				
Contributions as a % of covered employee payroll	8.93%	8.93%	8.44%	8.25%	6.95%	6.98%				

**\*Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Commission will present information for those years for which information is readily available.

See accompanying independent auditor's report.

## BUENA VISTA COUNTY SOLID WASTE COMMISSION

### Schedule of the Commission's Proportionate Share of the Net Pension Liability

#### Other Information

##### Notes to Other Information – Pension Liability Year ended June 30, 2015

###### Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

###### Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

## BUENA VISTA COUNTY SOLID WASTE COMMISSION

### Schedule of the Commission's Proportionate Share of the Net Pension Liability

#### Other Information

##### Notes to Other Information – Pension Liability (continued)

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the

calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of a Financial Statement Performed in Accordance with  
*Government Auditing Standards*



T.P. ANDERSON & COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards

To the Members of the Buena Vista County Solid Waste Commission:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Buena Vista County Solid Waste Commission as of and for the year ended June 30, 2015, and the related notes to financial statement, and have issued our report thereon dated January 6, 2016. Our report expressed an unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Buena Vista County Solid Waste Commission's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Buena Vista County Solid Waste Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Buena Vista County Solid Waste Commission's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Buena Vista County Solid Waste Commission's financial statement will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Buena Vista County Solid Waste Commission's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with

those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **Buena Vista Solid Waste Commission's Responses to the Findings**

The Buena Vista Solid Waste Commission's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Buena Vista Solid Waste Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Buena Vista County Solid Waste Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*T.P. Anderson & Company, P.C.*

January 6, 2016

BUENA VISTA COUNTY SOLID WASTE COMMISSION

SCHEDULE OF FINDINGS

Year Ended June 30, 2015

**Findings Related to the Financial Statement**

**INTERNAL CONTROL DEFICIENCIES**

No matters were noted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**Other Findings Related to Required Statutory Reporting:**

- I-A-15     Cash and investments – The limits adopted in the Commission’s depository resolution were exceeded during the year ended June 30, 2015.
- Recommendation – We recommend you pass an increase in the depository resolution and that all banking institutions used by the Commission be included in the resolution.
- Response – We will amend our depository resolution in accordance with your recommendations.
- Conclusion – Response accepted.
- I-B-15     Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- I-C-15     Travel Expense – No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.
- I-D-15     Commission Minutes – No transactions were found that we believe should have been approved in the commission minutes but were not.
- I-E-15     Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Commission’s investment policy were noted.
- I-F-15     Solid Waste Fees Retainage – No instances of non-compliance with the solid waste fees used or retained in accordance with the provisions of Chapter 455B.310 of the Code of Iowa were noted.
- I-G-15     Financial Assurance – The Commission has elected to demonstrate financial assurance for closure costs and postclosure care by obtaining a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code (IAC). The variance has been approved and provides as follows:
- a.     Use the remaining life of the Buena Vista County landfill to set aside funds in the closure account for costs to close the landfill consistent with the landfill engineer’s closure estimate; and,

# BUENA VISTA COUNTY SOLID WASTE COMMISSION

## SCHEDULE OF FINDINGS

Year Ended June 30, 2015

- b. Within ten (10) years after close of the landfill or by June 30, 2018, whichever is shorter, set aside funds in the post closure accounts for costs to maintain the site for the remainder of the post closure period consistent with the landfill engineer's post closure cost estimate.

The Commission has set aside funds as follows in compliance with the variance requirements listed above.

	Postclosure Care
Total estimated costs for postclosure care	\$ 676,760
Less: Balance of funds held in the local dedicated fund at June 30, 2014	379,867
	<u>296,893</u>
Divided by the number of years remaining in the pay-in-period	<u>4</u>
Required payment into the local dedicated fund for the year ended June 30, 2015	74,223
Balance of funds required to be held in the local dedicated fund at June 30, 2014	379,264
Balance of funds required to be held for closure of the transfer statement at June 30, 2014.	<u>27,968</u>
Balance of funds required to be held in the local dedicated fund at June 30, 2015	<u>\$ 481,455</u>
Amount the Commission has restricted and reserved for postclosure care at June 30, 2015	<u><u>\$ 485,779</u></u>

Iowa Department of Natural Resources rules and regulations require deposits into the closure and post closure care accounts be made at least yearly, and the deposits shall be made within 30 days of the close of each fiscal year.

I-H-15 Omission of Management's Discussion and Analysis – The Commission has elected to exclude Management's Discussion and Analysis (MD&A) from their 2015 Financial Statements. Although MD&A is generally not required for cash basis financial statements by GASB, the Office of the Auditor of State of Iowa, under Chapter 11 of the Code of Iowa, has established minimum reporting requirements that include reporting MD&A as other information.

Recommendation – MD&A should be included as other information in future financial statements to comply with the reporting requirements of the Office of the Auditor of State of Iowa.

Response – Management of the Commission was not interested in providing this information.

Conclusion – Response accepted.